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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/196

12 August 1963

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
26 July - 8 August 1963

Under an economic aid agreement signed on 27 July, the USSR extended a \$38.8 million credit to Iran to finance Iran's share of the cost of Soviet equipment and services in the construction of a jointly financed dam on the Soviet-Iranian border. The credit is for 12 years at an annual rate of interest of 3.6 percent, which is higher than the usual Soviet charge of 2.5 percent on development credits. The USSR also agreed to implement projects to increase fish productivity and to construct 11 grain silos, possibly under the terms of the trade agreement signed in May 1963.

A shipment of Soviet arms, probably part of an arms agreement negotiated in March, was delivered to Yemen in early July. The materiel included about 30 T-34 tanks, 20 armored personnel carriers, 20 jeeps, 20 120-mm mortars, and 12 85-mm field guns. Additional military supplies may be forthcoming; a Yemeni mission, which departed for Moscow in early July to discuss an economic and technical cooperation agreement, reportedly will ask for weapons and other military equipment.

An official of the United Nations Economic Commission for Africa has reported a Soviet offer to establish a technical training institute to accommodate 800 to 1,000 Africans in the USSR. Previously the USSR had offered to establish such an institute somewhere in Africa.

A Soviet economic delegation arrived in Algeria on 29 July for a 2-week investigation of Algeria's economic needs, particularly in the industrial field. Upon conclusion of the survey, the delegation will offer its evaluation and presumably make recommendations regarding Soviet aid.

The USSR apparently has agreed to accept the return of 4 Il-18 and 1 An-12 transport aircraft purchased by Ghana under a Soviet line of credit extended in August 1960. Four Il-18's remain in the Ghanaian government-owned airline.

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In June, Senegal's Secretary of State for Planning and Development signed an agreement for Soviet aid in expanding agricultural development, the first Bloc aid project with a UAM country.

The USSR and Afghanistan agreed, on 25 July, on priorities for Soviet aid to Afghanistan during the coming year, signed a project survey agreement on 29 July, and reportedly negotiated the extension of an additional \$3.5 million credit to Afghanistan. These developments indicate the intention of the USSR to maintain its prominence in Afghanistan's development efforts.

In reply to Chinese Communist criticism, Pravda on 7 August published a long justification of the Soviet program of aid to underdeveloped countries. The full text of the article is not available, but one of the many details reportedly included was the Soviet claim that credits amounting to about \$3.4 billion have been extended thus far to the underdeveloped countries.

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